

Amended Statement Cover

The Annual Statement has been amended for the year ended December 31, 2007 in accordance with the audited financial statements.

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ANNUAL STATEMENT
OF THE
Windsor Health Plan, Inc.

of
Brentwood
in the state of
Tennessee

TO THE
Insurance Department
OF THE STATE OF
Tennessee

For the Year Ending
December 31, 2007

2007

HEALTH

2007



ANNUAL STATEMENT

For the Year Ending December 31, 2007

OF THE CONDITION AND AFFAIRS OF THE

Windsor Health Plan, Inc.

NAIC Group Code	1268 (Current Period)	1268 (Prior Period)	NAIC Company Code	95792	Employer's ID Number	62-1531881
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Property/Casualty[] Hospital, Medical & Dental Service or Indemnity[] Dental Service Corporation[] Vision Service Corporation[] Health Maintenance Organization[X] Other[] Is HMO Federally Qualified? Yes[] No[X] N/A[]					
Incorporated/Organized	05/14/1993		Commenced Business	01/01/1994		
Statutory Home Office	7100 Commerce Way, Suite 285 (Street and Number)		Brentwood, TN 37027 (City or Town, State and Zip Code)			
Main Administrative Office	7100 Commerce Way, Suite 285 (Street and Number)		Brentwood, TN 37027 (City or Town, State and Zip Code)			
Mail Address	7100 Commerce Way, Suite 285 (Street and Number or P.O. Box)		Brentwood, TN 37027 (City or Town, State and Zip Code)			
Primary Location of Books and Records	7100 Commerce Way, Suite 285 (Street and Number)		Brentwood, TN 37027 (City or Town, State and Zip Code)			
Internet Website Address	www.windsorhealthgroup.com		(Area Code) (Telephone Number)			
Statement Contact	Jennifer Giannotti (Name)		(615)782-7914 (Area Code) (Telephone Number)			
	jgiannotti@windsorhealthgroup.com (E-Mail Address)		(615)782-7826 (Area Code) (Telephone Number)			
			(615)782-7914 (Area Code) (Telephone Number)			

OFFICERS

Name	Title
Michael Bailey	President
Willis Jones	Secretary
	Treasurer

OTHERS

DIRECTORS OR TRUSTEES

Phillip Hertik	Willis Jones
Michael Bailey	

State of Tennessee
County of Williamson ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Michael Bailey
(Signature)
Michael Bailey
(Printed Name)
1.
President
(Title)

Willis Jones
(Signature)
Willis Jones
(Printed Name)
2.
Secretary
(Title)

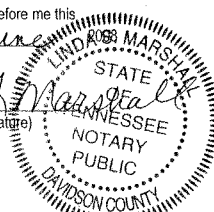
(Signature)

(Printed Name)
3.
Treasurer
(Title)

Subscribed and sworn to before me this

10th day of June

Linda A. Marshall
(Notary Public Signature)



a. Is this an original filing?

b. If no, 1. State the amendment number
2. Date filed
3. Number of pages attached

Yes[] No[X]

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06/16/2008
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MY COMMISSION EXPIRES:
January 9, 2012

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1-2)	Net Admitted Assets
1. Bonds (Schedule D)	5,829,237		5,829,237	5,046,487
2. Stocks (Schedule D)				
2.1 Preferred stocks				
2.2 Common Stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....12,890,370 Schedule E Part 1), cash equivalents (\$.....7,023,153 Schedule E Part 2) and short-term investments (\$.....0 Schedule DA)	19,913,523		19,913,523	14,221,064
6. Contract loans (including \$.....0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	25,742,760		25,742,760	19,267,551
11. Title plants less \$.....0 charged off (for Title insurers only)				
12. Investment income due and accrued	96,279		96,279	73,860
13. Premiums and considerations				
13.1 Uncollected premiums and agents' balances in the course of collection	93,271		93,271	2,921,416
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums	3,055,461		3,055,461	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	42,303		42,303	
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans	800,480		800,480	567,655
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset	260,594		260,594	
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$.....0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	901,867		901,867	
22. Health care (\$.....471,945) and other amounts receivable	1,087,133	615,188	471,945	486,890
23. Aggregate write-ins for other than invested assets	34,156	34,156		
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	32,114,304	649,344	31,464,960	23,317,372
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	32,114,304	649,344	31,464,960	23,317,372
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301. Prepaid Expenses	34,156	34,156		
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	34,156	34,156		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	14,781,556		14,781,556	8,714,990
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	338,580		338,580	243,616
4.	Aggregate health policy reserves	948,440		948,440	1,020,757
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	305,858		305,858	
9.	General expenses due or accrued	326,301		326,301	202,135
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))	1,856,631		1,856,631	
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates				938,492
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured plans	5,259,566		5,259,566	5,579,245
21.	Aggregate write-ins for other liabilities (including \$.....0 current)	2,665		2,665	
22.	Total liabilities (Lines 1 to 21)	23,819,597		23,819,597	16,699,235
23.	Aggregate write-ins for special surplus funds	X X X	X X X		
24.	Common capital stock	X X X	X X X	100,000	100,000
25.	Preferred capital stock	X X X	X X X		
26.	Gross paid in and contributed surplus	X X X	X X X	83,890,279	85,190,279
27.	Surplus notes	X X X	X X X	4,231,300	4,231,300
28.	Aggregate write-ins for other than special surplus funds	X X X	X X X	(6,955,991)	(6,955,991)
29.	Unassigned funds (surplus)	X X X	X X X	(73,620,225)	(75,947,451)
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0)	X X X	X X X		
30.2	.....0 shares preferred (value included in Line 25 \$.....0)	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	7,645,363	6,618,137
32.	Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	31,464,960	23,317,372
DETAILS OF WRITE-INS					
2101.	Accounts Payable Other	2,665		2,665	
2102.	.....			
2103.	.....			
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	2,665		2,665	
2301.	.....	X X X	X X X		
2302.	.....	X X X	X X X		
2303.	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	Dividend to Vanderbilt University	X X X	X X X	(6,955,991)	(6,955,991)
2802.	.....	X X X	X X X		
2803.	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X	(6,955,991)	(6,955,991)

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	189,478	621,466
2.	Net premium income (including \$.....0 non-health premium income)	X X X	119,328,295	57,048,413
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X		
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	Total revenues (Lines 2 to 7)	X X X	119,328,295	57,048,413
Hospital and Medical:				
9.	Hospital/medical benefits		60,966,381	28,161,913
10.	Other professional services			11,708,110
11.	Outside referrals		11,548,431	
12.	Emergency room and out-of-area		1,724,774	
13.	Prescription drugs		19,367,091	5,785,972
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts		100,239	
16.	Subtotal (Lines 9 to 15)		93,706,916	45,655,995
Less:				
17.	Net reinsurance recoveries		461,000	
18.	Total hospital and medical (Lines 16 minus 17)		93,245,916	45,655,995
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....238,433 cost containment expenses		94,964	81,205
21.	General administrative expenses		22,601,041	10,494,358
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)		115,941,921	56,231,558
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	3,386,374	816,855
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,173,733	525,325
26.	Net realized capital gains (losses) less capital gains tax of \$.....0			
27.	Net investment gains (losses) (Lines 25 plus 26)		1,173,733	525,325
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	4,560,107	1,342,180
31.	Federal and foreign income taxes incurred	X X X	1,596,037	
32.	Net income (loss) (Lines 30 minus 31)	X X X	2,964,070	1,342,180
DETAILS OF WRITE-INS				
0601.	.....	X X X		
0602.	.....	X X X		
0603.	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	.....		
1402.	.....		
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.	.....		
2902.	.....		
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	6,618,137	5,288,457
34.	Net income or (loss) from Line 32	2,964,070	1,342,180
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	(636,844)	52,440
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in	(1,300,000)	(64,940)
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	1,027,226	1,329,680
49.	Capital and surplus end of reporting year (Line 33 plus 48)	7,645,363	6,618,137
DETAILS OF WRITE-INS			
4701.	.....	
4702.	.....	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	119,334,520	54,994,865
2.	Net investment income	1,221,100	559,315
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	120,555,620	55,554,180
5.	Benefit and loss related payments	87,821,896	31,688,608
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	23,029,380	11,129,178
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	110,851,276	42,817,786
11.	Net cash from operations (Line 4 minus 10)	9,704,344	12,736,394
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	1,940,000	770,000
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	1,940,000	770,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	2,792,536	3,088,850
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	2,792,536	3,088,850
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(852,536)	(2,318,850)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock	(1,300,000)	
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(1,859,349)	1,554,285
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(3,159,349)	1,554,285
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	5,692,459	11,971,829
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	14,221,064	2,249,235
19.2	End of year (Line 18 plus Line 19.1)	19,913,523	14,221,064

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	119,328,295						113,142,998		6,185,297	
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)										
4. Risk revenue										
5. Aggregate write-ins for other health care related revenues										
6. Aggregate write-ins for other non-health care related revenues										
7. Total revenues (Lines 1 to 6)	119,328,295	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8. Hospital/medical benefits	60,966,381						113,142,998	(10,764)	6,185,297	
9. Other professional services	11,548,431						60,977,145			
10. Outside referrals	1,724,774						11,548,431			
11. Emergency room and out-of-area	19,367,091						1,724,774		6,137,706	
12. Prescription drugs							13,229,385			
13. Aggregate write-ins for other hospital and medical							100,239			
14. Incentive pool, withhold adjustments and bonus amounts	100,239						87,579,974	(10,764)	6,137,706	
15. Subtotal (Lines 8 to 14)	93,706,916						461,000			
16. Net insurance recoveries							87,118,974	(10,764)	6,137,706	
17. Total hospital and medical (Lines 15 minus 16)	93,245,916	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
18. Non-health claims (net)										
19. Claims adjustment expenses including \$.....238,433 cost							94,964			
20. General administrative expenses	22,601,041						19,621,978	2,113,121	865,942	
21. Increase in reserves for accident and health contracts										
22. Increase in reserves for life contracts										
23. Total underwriting deductions (Lines 17 to 22)	115,941,921	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	3,386,374						106,835,916	2,102,357	7,003,648	
							6,307,082	(2,102,357)	(818,351)	
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598.	Summary of remaining write-ins for Line 5 from overflow page									XXX
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)									XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698.	Summary of remaining write-ins for Line 6 from overflow page									
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)									
1301.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
1302.										XXX
1303.										XXX
1398.	Summary of remaining write-ins for Line 13 from overflow page									XXX
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)									XXX

UNDERWRITING AND INVESTMENT EXHIBIT PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical)				
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII - Medicare	113,470,949		327,951	113,142,998
7. Title XIX - Medicaid				
8. Other health	6,185,297			6,185,297
9. Health subtotal (Lines 1 through 8)	119,656,246		327,951	119,328,295
10. Life				
11. Property/casualty				
12. TOTALS (Lines 9 to 11)	119,656,246		327,951	119,328,295

UNDERWRITING AND INVESTMENT EXHIBIT **PART 2 - CLAIMS INCURRED DURING THE YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	88,627,244						83,842,447	(10,764)	4,795,561	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	478,697						478,697			
1.4 Net	88,148,547						83,363,750	(10,764)	4,795,561	
2. Paid medical incentive pools and bonuses	100,239						100,239			
3. Claim liability December 31, current year from Part 2A:	14,781,556						13,439,411		1,342,145	
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	14,781,556						13,439,411		1,342,145	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)	1,087,133						1,087,133			
7. Amounts recoverable from reinsurers December 31, current year	42,303						42,303			
8. Claim liability December 31, prior year from Part 2A:	8,714,990						8,714,990			
8.1 Direct										
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	8,714,990						8,714,990			
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year	60,000						60,000			
12. Incurred benefits:	93,606,677						87,479,735	(10,764)	6,137,706	
12.1 Direct										
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	461,000						461,000			
12.4 Net	93,145,677						87,018,735	(10,764)	6,137,706	
13. Incurred medical incentive pools and bonuses	100,239						100,239			

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT **PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	3,495,556						2,153,411		1,342,145	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	3,495,556						2,153,411		1,342,145	
2. Incurred but Unreported:										
2.1 Direct	11,286,000						11,286,000			
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	11,286,000						11,286,000			
3. Amounts Withheld from Paid Claims and Capitalizations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	14,781,556						13,439,411		1,342,145	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	14,781,556						13,439,411		1,342,145	

UNDERWRITING AND INVESTMENT EXHIBIT **PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare	6,942,248	76,617,267	31,345	13,408,066	6,973,593	8,714,990
7. Title XIX - Medicaid	(10,764)				(10,764)	
8. Other health		4,795,561		1,342,145		
9. Health subtotal (Lines 1 to 8)	6,931,484	81,412,828	31,345	14,750,211	6,962,829	8,714,990
10. Healthcare receivables (a)	430,230	174,728	30,131	1,057,002	460,361	426,890
11. Other non-Health						
12. Medical incentive pool and bonus amounts		100,239				
13. TOTALS (Lines 9 - 10 + 11 + 12)	6,501,254	81,338,339	1,214	13,693,209	6,502,468	8,288,100

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT **PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

Grand Total

Section A - Paid Health Claims

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior	(125)	(43)	(15)	1	(11)
2.	2003	XXX				
3.	2004	XXX	XXX			
4.	2005	XXX	XXX			
5.	2006	XXX	XXX	XXX	37,759	
6.	2007	XXX	XXX	XXX	XXX	88,356

Section B - Incurred Health Claims

	Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior	(125)	(43)	(15)	1	(11)
2.	2003	XXX				
3.	2004	XXX	XXX			
4.	2005	XXX	XXX			
5.	2006	XXX	XXX	XXX	45,661	
6.	2007	XXX	XXX	XXX	XXX	103,137

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2003										
2. 2004										
3. 2005										
4. 2006	57,048		27	0.328	88,646	0.047	14,781	339	103,766	0.047
5. 2007	119,328	88,356	290			74,288				86,959

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Title XVIII - Medicare

Section A - Paid Health Claims

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior					
2.	2003					
3.	2004	XXX				
4.	2005	XXX	XXX			
5.	2006	XXX	XXX	XXX	37,759	
6.	2007	XXX	XXX	XXX	XXX	83,560

Section B - Incurred Health Claims

	Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior					
2.	2003					
3.	2004	XXX				
4.	2005	XXX	XXX			
5.	2006	XXX	XXX	XXX	45,661	
6.	2007	XXX	XXX	XXX	XXX	96,999

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2003										
2. 2004										
3. 2005										
4. 2006	57,048		27		27	0.047			27	0.047
5. 2007	113,143	83,560	290	0.347	83,850	74.110	13,439	339	97,628	86.287

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Title XIX - Medicaid

Section A - Paid Health Claims

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior		(125)	(43)	(15)	(11)
2.	2003	XXX				
3.	2004	XXX	XXX			
4.	2005	XXX	XXX	XXX		
5.	2006	XXX	XXX	XXX	XXX	
6.	2007	XXX	XXX	XXX	XXX	XXX

Section B - Incurred Health Claims

	Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior		(125)	(43)	(15)	(11)
2.	2003	XXX				
3.	2004	XXX	XXX			
4.	2005	XXX	XXX	XXX		
5.	2006	XXX	XXX	XXX	XXX	
6.	2007	XXX	XXX	XXX	XXX	XXX

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2003										
2. 2004										
3. 2005										
4. 2006										
5. 2007										

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior					
2. 2003	XXX				
3. 2004	XXX	XXX			
4. 2005	XXX	XXX	XXX		
5. 2006	XXX	XXX	XXX	XXX	
6. 2007	XXX	XXX	XXX	XXX	4,796

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior					
2. 2003	XXX				
3. 2004	XXX	XXX			
4. 2005	XXX	XXX	XXX		
5. 2006	XXX	XXX	XXX	XXX	
6. 2007	XXX	XXX	XXX	XXX	6,138

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2003										
2. 2004										
3. 2005										
4. 2006										
5. 2007	6,185	4,796			4,796	77.542	1,342	6,138	99,240	

UNDERWRITING AND INVESTMENT EXHIBIT **PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY**

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income	948,440						948,440		
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)	948,440						948,440		
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	948,440						948,440		
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)									
(a) Includes \$.....0 premium deficiency reserve.									

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building)			554,247		554,247
2.	Salaries, wages and other benefits			9,980,818		9,980,818
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)			872,949		872,949
4.	Legal fees and expenses			179,737		179,737
5.	Certifications and accreditation fees			40,872		40,872
6.	Auditing, actuarial and other consulting services			1,937,002		1,937,002
7.	Traveling expenses			848,775		848,775
8.	Marketing and advertising			3,234,105		3,234,105
9.	Postage, express and telephone			1,027,927		1,027,927
10.	Printing and office supplies			2,450,098		2,450,098
11.	Occupancy, depreciation and amortization			423,500	69,816	493,316
12.	Equipment			818,118		818,118
13.	Cost or depreciation of EDP equipment and software					
14.	Outsourced services including EDP, claims, and other services		94,964	1,161,989		1,256,953
15.	Boards, bureaus and association fees			28,161		28,161
16.	Insurance, except on real estate			144,647		144,647
17.	Collection and bank service charges			30,870		30,870
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans			(2,804,811)		(2,804,811)
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses					
22.	Real estate taxes					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes			4,061		4,061
23.2	State premium taxes			762,224		762,224
23.3	Regulator authority licenses and fees					
23.4	Payroll taxes			709,962		709,962
23.5	Other (excluding federal income and real estate taxes)					
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses			196,150		196,150
26.	Total expenses incurred (Lines 1 to 25)		94,964	22,601,401	69,816	(a) 22,766,181
27.	Less expenses unpaid December 31, current year			326,301		326,301
28.	Add expenses unpaid December 31, prior year			202,135		202,135
29.	Amounts receivable relating to uninsured plans, prior year			567,655		567,655
30.	Amounts receivable relating to uninsured plans, current year			800,480		800,480
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)		94,964	22,710,060	69,816	22,874,840
DETAILS OF WRITE-INS						
2501.	Other miscellaneous expenses			196,150		196,150
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	Totals (Lines 2501 through 2503 + 2598) (Line 25 above)			196,150		196,150

(a) Includes management fees of \$.....23,656,780 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)..... 242,327	..... 334,562
1.1 Bonds exempt from U.S. tax	(a).....	.....
1.2 Other bonds (unaffiliated)	(a).....	.....
1.3 Bonds of affiliates	(a).....	.....
2.1 Preferred stocks (unaffiliated)	(b).....	.....
2.11 Preferred stocks of affiliates	(b).....	.....
2.2 Common stocks (unaffiliated) .....	.....	.....
2.21 Common stocks of affiliates .....	.....	.....
3. Mortgage loans	(c).....	.....
4. Real estate	(d).....	.....
5. Contract loans .....	.....	.....
6. Cash, cash equivalents and short-term investments	(e)..... 959,096	..... 959,096
7. Derivative instruments	(f).....	.....
8. Other invested assets .....	.....	.....
9. Aggregate write-ins for investment income .....	.....	.....
10. Total gross investment income .....	..... 1,201,423	..... 1,293,658
11. Investment expenses .....	.....	(g)..... 69,816
12. Investment taxes, licenses and fees, excluding federal income taxes .....	.....	(g).....
13. Interest expense .....	.....	(h)..... 50,109
14. Depreciation on real estate and other invested assets .....	.....	(i).....
15. Aggregate write-ins for deductions from investment income .....	.....	.....
16. Total deductions (Lines 11 through 15) .....	.....	..... 119,925
17. Net investment income (Line 10 minus Line 16) .....	.....	..... 1,173,733
DETAILS OF WRITE-INS		
0901. ....	.....	.....
0902. ....	.....	.....
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$.30 accrual of discount less \$.69,816 amortization of premium and less \$.26,046 paid for accrued interest on purchases.		
(b) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued dividends on purchases.		
(c) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued interest on purchases.		
(d) Includes \$.0 for company's occupancy of its own buildings; and excludes \$.0 interest on encumbrances.		
(e) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued interest on purchases.		
(f) Includes \$.0 accrual of discount less \$.0 amortization of premium.		
(g) Includes \$.0 investment expenses and \$.0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.		
(h) Includes \$.0 interest on surplus notes and \$.0 interest on capital notes.		
(i) Includes \$.0 depreciation on real estate and \$.0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds
1.1 Bonds exempt from U.S. tax
1.2 Other bonds (unaffiliated)
1.3 Bonds of affiliates
2.1 Preferred stocks (unaffiliated)
2.11 Preferred stocks of affiliates
2.2 Common stocks (unaffiliated)
2.21 Common stocks of affiliates
3. Mortgage loans
4. Real estate
5. Contract loans
6. Cash, cash equivalents and short-term investments
7. Derivative instruments
8. Other invested assets
9. Aggregate write-ins for capital gains (losses)
10. Total capital gains (losses)
DETAILS OF WRITE-INS					
0901.
0902.
0903.
0998. Summary of remaining write-ins for Line 9 from overflow page
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)

NONE

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties occupied for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Other invested assets (Schedule BA)			
8.	Receivables for securities			
9.	Aggregate write-ins for invested assets			
10.	Subtotals, cash and invested assets (Lines 1 to 9)			
11.	Title plants (for Title insurers only)			
12.	Invested income due and accrued			
13.	Premium and considerations:			
13.1	Uncollected premiums and agents' balances in the course of collection			
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3	Accrued retrospective premiums			
14.	Reinsurance:			
14.1	Amounts recoverable from reinsurers			
14.2	Funds held by or deposited with reinsured companies			
14.3	Other amounts receivable under reinsurance contracts			
15.	Amounts receivable relating to uninsured plans			
16.1	Current federal and foreign income tax recoverable and interest thereon			
16.2	Net deferred tax asset			
17.	Guaranty funds receivable or on deposit			
18.	Electronic data processing equipment and software			
19.	Furniture and equipment, including health care delivery assets			
20.	Net adjustment in assets and liabilities due to foreign exchange rates			
21.	Receivables from parent, subsidiaries and affiliates			
22.	Health care and other amounts receivable	615,188		(615,188)
23.	Aggregate write-ins for other than invested assets	34,156	12,500	(21,656)
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	649,344	12,500	(636,844)
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26.	Total (Lines 24 and 25)	649,344	12,500	(636,844)
DETAILS OF WRITE-INS				
0901.	.....		
0902.	.....		
0903.	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301.	Prepaid Expenses	34,156	12,500	(21,656)
2302.	.....		
2303.	.....		
2398.	Summary of remaining write-ins for Line 23 from overflow page			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	34,156	12,500	(21,656)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

		Total Members at End of					6
		1	2	3	4	5	
		Prior Year	First Quarter	Second Quarter	Third Quarter	Current Year	Current Year Member Months
Source of Enrollment							
1.	Health Maintenance Organizations	55,671	37,834	46,304	50,625	54,715	189,478
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	55,671	37,834	46,304	50,625	54,715	189,478
DETAILS OF WRITE-INS							
0601.							
0602.							
0603.							
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1	2	3	4	5	6	7
Name of Debtor	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Admitted
0199999 Total individuals				93,271		93,271
0299998 Premium due and unpaid not individually listed						
0299999 Total group						
0399999 Premiums due and unpaid from Medicare entities	3,055,461					3,055,461
0499999 Premiums due and unpaid from Medicaid entities						
0599999 Accident and health premiums due and unpaid (Page 2, Line 13)	3,055,461			93,271		3,148,732

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1	2	3	4	5	6	7
Name of Debtor	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Admitted
Pharmaceutical Rebate Receivables						
ProCare Rx	501,875			615,188	615,188	501,875
0199998 Pharmaceutical Rebate Receivables - Not Individually Listed						
0199999 Subtotal - Pharmaceutical Rebate Receivables	501,875			615,188	615,188	501,875
0299998 Claim Overpayment Receivables - Not Individually Listed						
0299999 Subtotal - Claim Overpayment Receivables						
0399998 Loans and Advances to Providers - Not Individually Listed						
0399999 Subtotal - Loans and Advances to Providers						
0499998 Capitalization Arrangements Receivables - Not Individually Listed						
0499999 Subtotal - Capitalization Arrangements Receivables						
0599998 Risk Sharing Receivables - Not Individually Listed						
0599999 Subtotal - Risk Sharing Receivables						
0699998 Other Receivables - Not Individually Listed						
0699999 Subtotal - Other Receivables						
0799999 Gross health care receivables	501,875			615,188	615,188	501,875

EXHIBIT 4 - CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported) Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Individually Listed Claims Unpaid						
PBM Pharmacy Claims	3,495,556					3,495,556
0199999 Total - Individually Listed Claims Unpaid	3,495,556					3,495,556
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered						
0499999 Subtotals	3,495,556					3,495,556
0599999 Unreported claims and other claim reserves						11,286,000
0699999 Total Amounts Withheld						14,781,556
0799999 Total Claims Unpaid						
0899999 Accrued Medical Incentive Pool and Bonus Amounts						

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted	
						7 Current	8 Non-Current
Individually listed receivables							
Windsor Management Services	3,162,533					3,162,533	
0199999 Total - Individually listed receivables	3,162,533					3,162,533	
0299999 Receivables not individually listed							
0399999 Total gross amounts receivable	3,162,533					3,162,533	

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
Individually listed payables				
Windsor Management Services	Management fees	2,260,665	2,260,665	
0199999 Total - Individually listed payables	X X X	2,260,665	2,260,665	
0299999 Payables not individually listed	X X X	630	630	
0399999 Total gross payables	X X X	2,261,295	2,261,295	

EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total Payments	3 Total Members Covered	4 Column 3 as a % of Total Members	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups						
2. Intermediaries						
3. All other providers						
4. Total capitation payments						
Other Payments:						
5. Fee-for-service			XXX	XXX		
6. Contractual fee payments			XXX	XXX		
7. Bonus/withhold arrangements - fee-for-service			XXX	XXX		
8. Bonus/withhold arrangements - contractual fee payments			XXX	XXX		
9. Non-contingent salaries			XXX	XXX		
10. Aggregate cost arrangements			XXX	XXX		
11. All other payments			XXX	XXX		
12. Total other payments			XXX	XXX		
13. Total (Line 4 plus Line 12)			XXX	XXX		

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
99999999			XXX	XXX	XXX

EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

Description	1 Cost	2 Improvements	3 Accumulated Depreciation	4 Book Value Less Encumbrances	5 Assets Not Admitted	6 Net Admitted Assets
1. Administrative furniture and equipment	NONE					
2. Medical furniture, equipment and fixtures						
3. Pharmaceuticals and surgical supplies						
4. Durable medical equipment						
5. Other property and equipment						
6. Total						

Notes to Financial Statement

1. Summary of Significant Accounting Policies

The financial statements of Windsor Health Plan, Inc. ("WHP") are prepared in accordance with accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance ("Department"). The Department requires that insurance companies domiciled in the State of Tennessee prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual ("Manual") as modified by the Department. Accordingly, the admitted assets, liabilities, capital and surplus of WHP as of December 31, 2007 and 2006, and the results of its operations and cash flows for the years then ended have been determined in accordance with the NAIC accounting principles.

Based on state of Tennessee statute, health maintenance organizations are not permitted to hold reinsurance. However, these organizations are permitted to carry excess loss insurance, which provides coverage to limit a health plan's financial exposure on very large inpatient claims. While this excess loss coverage is commonly referred to as "reinsurance," it has been the position of the Department that no amounts related to this coverage should be reported on any of the NAIC filing schedules as reinsurance. Effective December 31, 2007, the Department granted WHP an exception to this Tennessee prescribed practice and permitted the reporting of amounts related to the excess loss insurance as reinsurance on all appropriate schedules. WHP has therefore reported excess loss premiums on line 2 (Net Premium Income) of the Statement of Revenue and Expenses and all other related schedules have been completed in accordance with NAIC guidelines.

There are no other differences affecting WHP's net income or capital and surplus as a result of differences between the NAIC SAP and practices prescribed and permitted by the State of Tennessee.

From July 1, 2002 through March 31, 2007, WHP's contract with the State of Tennessee was an administrative services only ("ASO") agreement whereby WHP received a monthly administrative fee in exchange for providing claims payment, medical management and other related administrative services for its assigned enrollees in the state of Tennessee's TennCare program. WHP followed SAP No. 47 to account for the ASO operations from July 1, 2002 through December 31, 2007.

- A. The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from the estimates. The most significant estimates made by management include the medical costs payable and the payables to the Centers for Medicare and Medicaid Services ("CMS") related to the administration of the Part D (prescription drug) benefit.
- B. Accounting Policy
 - (1) Bonds are stated at amortized cost and bond premium is amortized using the straight-line method.
 - (2) Claims Payable represents the liability for services that have been performed by providers for the enrollees of the WHP (in the Medicare line of business) through the period of December 31, 2007. This liability includes pharmacy claims reported to the Company and an actuarially determined estimate of claims that have been incurred but not reported. This estimate is based on

Notes to Financial Statement

the Company's available data history of claims paid and related health care utilization statistics. Medical expenses also include the payments made to providers under capitation arrangements.

2. Accounting Changes and Corrections of Errors

Not applicable.

3. Business Combinations and Goodwill

Not applicable.

4. Discontinued Operations

Not applicable.

5. Investments

Not applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

Not applicable.

7. Investment Income

No investment income due or accrued has been excluded (non-admitted) for 2007 or 2006.

8. Derivative Instruments

Not applicable.

9. Income Taxes

Windsor Health Group, Inc. ("WHG") owns 100% of the outstanding common stock of WHP and WHG files a consolidated federal tax return which includes the operations of WHP and its other subsidiaries (please refer to Schedule Y for further details). For 2007, WHP has recorded an estimate of \$1,596,037 for its portion of the anticipated federal income taxes that will be paid for 2007. The 2007 tax returns have not been completed as of March 1, 2008. For 2006, WHP reported a net loss and there were no deferred tax assets or liabilities reported for that year.

10. Information Concerning Parent, Subsidiaries and Affiliates

WHG owns 100% of the outstanding common stock of WHP. WHG also owns 100% of the outstanding common stock of Windsor Management Services, Inc. ("WMS") as well as other subsidiary companies. In addition, the Directors of WHP own a majority of the outstanding common stock of WHG, with minority ownership interests being held by Vanderbilt Health Services, Inc., Pharos Capital Partners II, L.P. and Delta Venture Partners, L.P. Any transactions between WHP and its affiliated companies are explained in the following paragraphs.

WMS provides all management activities, for WHP, as WHP does not have any employees, fixed assets, or significant direct administrative expense. Instead, WMS provides management services in exchange for a base fee stipulated in a management contract between the parties. There is a separate management fee agreement for WHP's two lines of business, TennCare and Medicare, but both management fees are stipulated as a percentage of the respective monthly premium revenue (less interest on the subordinated surplus note). As of December 31, 2007 and 2006 WHP had a receivable from WMS in the amount of \$901,867 and a payable to WMS in the amount of \$938,492, respectively. The monthly management fee is generally paid based on estimates of monthly premium and when the final amounts are recorded, this estimation process occasionally results in an over or underpayment, which is then adjusted in a future month's payment.

Prior to the termination of WHP's participation in the TennCare program on April 1, 2007, WHP received a monthly administrative fee for providing services under

Notes to Financial Statement

the Administrative Services Only ("ASO") arrangement. In general, there was a large discrepancy between the administrative fee revenue actually received by WHP each month and the related management fee expense resulting from the stipulated management contract calculation. At the sole discretion of the WMS Board of Directors, a portion of the contractually stipulated management fees was forgiven for certain periods. In general, when it was determined that an amount would be forgiven for a particular year, it was calculated to be the difference in total administrative fees paid to WHP by the State of Tennessee and the management fee calculation per the management contract (implied premium revenue x 11.5% less the subordinated note interest expense). For 2007, there were no amounts forgiven by the WMS Board of Directors. For 2006, \$3,171,120 of calculated management fees was forgiven through a WMS Board of Directors resolution.

As prescribed by NAIC guidelines, management fees have been allocated to the related expense categories for the purposes of completing the Underwriting and Investment Exhibit, Part 3.

WHP also pays medical claims to its sister company Windsor HomeCare Network, LLC in the ordinary course of business based on a contract between the parties. WHCN arranges for homecare, durable medical equipment, and other related services for members of health plans with whom it contracts. In exchange for arranging these services with its contracted network of providers, WHCN receives an administrative fee.

11. Debt

On March 30, 2001 Vanderbilt University issued a subordinated surplus note to WHP in the amount of \$4,231,300. Interest is calculated quarterly, according to the terms of the note agreement, at the prime rate of Bank America on the date of measurement. Interest is recorded and paid only after express permission from the Commissioner of Insurance in the State of Tennessee has been received. As of December 31, 2007 and 2006, accrued interest of \$1,413,718 and \$1,130,742, respectively was due to Vanderbilt University. An interest payment in the amount of \$50,109 for the period of April – June 2002 was approved by the Department and paid in January 2007. For 2007 and 2006, WHP was not in default of any note provisions. Please see additional information regarding subsequent events in item 21 below.

12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans.

Not applicable – WHP does not have any employees.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations.

As of December 31, 2007 and 2006, there were 100,000 shares of \$1.00 par value common stock issued and outstanding. The maximum amount of dividends that can be paid to shareholders, with the prior approval of the Tennessee Commissioner of Insurance, is limited to the greater of 10% of net worth as of December 31 next preceding or the net income from operations (excluding realized capital gains) for the twelve-month period ending December 31 next preceding. In December 2007, WHP provided notification to the Department of its intention to pay a dividend to its parent, WHG, in the amount of \$1,300,000. This dividend has been recorded in the December 31, 2007 financial statements.

As of December 31, 2007 and 2006, WHP's minimum net worth requirements were \$6,291,309 and \$4,172,221 respectively. WHP was in compliance with these requirements for both years.

14. Contingencies

Not applicable.

15. Leases

Notes to Financial Statement

Not applicable.

16. Information About Financial Instruments with Off-Balance-Sheet Risk, Financial Instruments with Concentration of Credit Risk

Not applicable.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not applicable.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans ASO Plan Activities

The loss from operations from Administrative Services Only uninsured plans was as follows during 2007 and 2006:

	<u>2007</u>	<u>2006</u>
a. (Deficiency) excess of net reimbursement for administrative expenses over actual expenses	(\$2,113,121)	(\$1,299,381)
b. Total net other income or expenses (including interest paid to or received from plans)	<u>0</u>	<u>0</u>
c. Net gain or (loss) from operations	(\$2,113,121)	(1,299,381)
d. Total claim payment volume	\$35,207,450	\$95,104,700

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable.

20. Other Items

In June 2006 the State of Tennessee made the decision to change the administration of the TennCare program in the Mid Cumberland region of Tennessee. This change was effected through an RFP process with the end result being the selection of two managed care organizations to administer the TennCare program in the aforementioned region effective April 1, 2007. Although WHP submitted a proposal, the contracts were awarded to two other MCO's. As a result, the ASO agreement between WHP and the State of Tennessee Bureau of TennCare ended effective April 1, 2007. WHP was subsequently required to sign a contract amendment effective through December 31, 2007 to provide run-out services for claims incurred prior to April 1, 2007. WHP did not receive any additional administrative fees for providing these nine months of additional services.

In September 2005, WHP received approval from the Centers for Medicare and Medicaid Services to operate as a Medicare Advantage Prescription Drug Plan ("MA-PD") effective January 1, 2006 in seven Tennessee counties. In 2007, WHP expanded its MA-PD service area to 31 counties in the states of Tennessee, Arkansas and Mississippi. Effective January 1, 2007, WHP also became licensed by CMS to offer stand alone prescription drug plans ("PDP") in the CMS regions of Tennessee/Alabama, Arkansas and Mississippi and private fee for service ("PFFS") plans in the state of Tennessee.

21. Events Subsequent

In February 2008, the Department approved a request to pay Vanderbilt University \$1,253,740 of interest on the subordinated surplus note for the periods of July 2002 through June 2007.

Notes to Financial Statement

22. Reinsurance

A. Ceded Reinsurance

Please refer to the second paragraph of note 1 above.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

24. Change in Incurred Claims and Claim Adjustment Expenses

WHP's claims payable liability increased from \$8,714,990 at December 31, 2006 to \$14,781,556 at December 31, 2007. The increase of \$6,066,566 during 2007 is attributable to the membership growth WHP experienced in its MA-PD plan as well as the start-up and growth of its PDP operations. Claim payable estimates for prior periods are also adjusted monthly, as payments for prior periods become more complete. WHP's claim adjustment liability increased in conjunction with the corresponding increase in claims payable.

25. Intercompany Pooling Arrangements

Not applicable.

26. Structured Settlements

Not applicable.

27. Health Care Receivables

Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2007	\$625,000	\$501,875	-	-	-
9/30/2007	180,000	464,618	-	-	-
6/30/2007	280,000	407,355	-	\$336,541	-
3/31/2007	180,000	358,642	-	-	\$287,662
12/31/2006	130,000	145,920	-	139,926	16,335
9/30/2006	200,511	159,176	-	-	147,526
6/30/2006	76,498	104,204	-	-	118,595
3/31/2006	48,000	67,624	-	28,119	21,042

28. Participating Policies

Not applicable.

29. Premium Deficiency Reserve

Not applicable.

30. Anticipated Salvage and Subrogation

Not applicable.

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities	5,829,237	22.644	5,829,237	22.644
1.2	U.S. government agency obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies				
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Issued or Guaranteed by GNMA				
1.512	Issued or Guaranteed by FNMA and FHLMC				
1.513	All other				
1.52	CMOs and REMICs:				
1.521	Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522	Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523	All other				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds				
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
4.6	Mezzanine real estate loans				
5.	Real estate investments:				
5.1	Property occupied by company				
5.2	Property held for production of income (including \$.....0 of property acquired in satisfaction of debt)				
5.3	Property held for sale (including \$.....0 property acquired in satisfaction of debt)				
6.	Contract loans				
7.	Receivables for securities				
8.	Cash, cash equivalents and short-term investments	19,913,524	77.356	19,913,524	77.356
9.	Other invested assets				
10.	Total invested assets	25,742,761	100.000	25,742,761	100.000